



Consultation response: boat registration charges proposals from 1 January 2022

Date: 2 December 2021

We are the Environment Agency. We protect and improve the environment.

We help people and wildlife adapt to climate change and reduce its impacts, including flooding, drought, sea level rise and coastal erosion.

We improve the quality of our water, land and air by tackling pollution. We work with businesses to help them comply with environmental regulations. A healthy and diverse environment enhances people's lives and contributes to economic growth.

We can't do this alone. We work as part of the Defra group (Department for Environment, Food & Rural Affairs), with the rest of government, local councils, businesses, civil society groups and local communities to create a better place for people and wildlife.

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1. Introduction

In July 2021 the Environment Agency published a consultation on its proposals for navigation boat registration charges from January 2022. We asked for your views on proposals for a revised boat registration charging framework, a 3 year charging plan from 2022 to 2024 and potential future changes that may affect customers.

In this document, we outline how the consultation took place, summarise the responses we received and provide our reply to the key findings. We also confirm our final decision and the overall outcome of the consultation.

1.1. Background

The Environment Agency is the second largest navigation authority in the UK. We are responsible for managing 1,000km of inland waterways, plus Rye and Lydney harbours. It's our job to keep these waterways open and safe for a variety of uses, but especially for boating.

Around 28,000 recreational and commercial boats are kept or used on the waterways we manage. It's a legal requirement for the owners to register these boats with us. We charge for registration so that the people who benefit from the navigation services we provide contribute towards the significant costs of managing and maintaining our navigable waterways.

We operate and maintain approximately 2,500 assets, such as locks, weirs and moorings. We maintain river banks and manage channels to ensure safe navigation. We remove boat wrecks and other debris including fallen trees.

Over 98% of our boating customers are private individuals using their boats for leisure, and in some cases as their homes. The remaining 2% are business customers who use their boats as a commercial resource to either work on the waterway, provide boats for hire, or provide trips along the waterways.

Our current boat registration charges scheme is inconsistent across our waterways. It also does not fully recover the cost of the service we provide for the benefit of our boating customers.

We set up our Strategic Review of Navigation Charges project to reform the charges scheme for boat registration and related charges. The aim was to develop a consistent, fair and transparent scheme that more closely reflects the true cost of the service we provide for our customers' benefit.

For each of our waterways, we currently receive less income from boat registration charges than we spend on the services for which those charges should pay. These charges contribute to our overall aim of keeping our waterways open and safe for use by both recreational boaters and those who rely on them for their business.

Our waterways also receive income from other sources, including government grant-in-aid, funding from commercial activities, and contributions from other beneficiaries. However, for a number of years our funding has not met our investment needs. This has affected our standards of service and the condition of our navigation infrastructure and facilities.

To address this, we have developed a longer-term plan to make our navigation business more financially sustainable.

The strategic objectives are to deliver:

- a financially sustainable navigation business where those who benefit contribute towards the benefits they gain
- a navigation business that is resilient to climate change, reduces CO2 and maximises benefits to society
- effective and efficient ways of working between staff, customers and partners

The plan sets out the national strategic and the local actions we will take to deliver these ambitions. It also explains how, by working with partners, we will seek to maximise income and outcomes for our waterway environment. It will help us to be as financially resilient as possible now, and into the future.

Securing the right level of funding through our charges is a priority within the plan. Our main action is to transform boat registration and our management processes. We want to:

- deliver a more transparent service for our boating customers
- maximise the recovery of costs

Our review of charges applies to the boat registration charges which contribute to the service those charge-paying customers benefit from. Through the Navigation Business Plan, we aim to achieve further improvements in service levels by delivering efficiencies and securing funding from other beneficiaries.

2. About the consultation

The consultation ran for 8 weeks from 22 July 2021 to 16 September 2021. The consultation was hosted on GOV.UK and was open to anybody to take part. Those not able to give their views online were able to request a copy of the consultation document and a response form to allow them to respond by email or post.

We asked for approval to consult from the Secretary of State for Environment, Food and Rural Affairs. We ran the consultation in line with our legal requirements to consult and Cabinet Office's 'Consultation Principles' guidelines.

It was important for us to give our customers the opportunity to understand the proposals and the impact they will have. We have encouraged our customers to give us their views through the consultation and have publicised it openly.

We sent notifications of the consultation launch and start date directly to customers either by email if we had an email address on our records, or otherwise by post. We included all customers with a boat registration in 2020 to 2021 and 2021 to 2022. We also included anybody who held an annual registration during 2019 to 2020 (but had not renewed for 2020 to 2021). It also included anyone who had a short-period registration in 2019 to 2020 and customers with a current Gold Licence (a joint registration between Environment Agency and Canal and River Trust). We sent 20,242 notifications in total.

We issued a press release to regional and local media in Anglian, Medway and Thames areas and to national boating and waterways trade titles. We also promoted it through our social media channels both at the start and during the consultation.

We have been communicating with our key stakeholder groups on the progress of our charges review over the past 2 years. We presented to each stakeholder group an overview of the proposals and impacts ahead of the consultation starting. We then notified them directly once the consultation was live and asked them to share the information with those who they represent.

We held 2 live question and answer sessions in August to give stakeholders the opportunity to ask questions on the proposals, check their understanding and seek clarity before responding. This was also an opportunity for them to give us their feedback on the proposals.

3. Overview of responses

In total we received 1,046 responses. Through the online consultation we had 975 responses portal and 71 by email or post using the consultation response form (these did not duplicate any of the online responses).

The breakdown of the responses by waterway is shown in table 1.

Table 1: Breakdown of responses by waterway

| Waterway | Number of responses received | % of total responses received |
|-----------------|-------------------------------------|--------------------------------------|
| Anglian | 503 | 48% |
| Thames | 429 | 41% |
| Medway | 38 | 4% |

| Waterway | Number of responses received | % of total responses received |
|-------------------------------------|-------------------------------------|--------------------------------------|
| Not a waterway managed by us | 63 | 6% |
| Other | 13 | 1% |
| Total responses | 1,046 | 100% |

The breakdown of responses by customer group were:

- 977 from private individuals
- 13 on behalf of a commercial group
- 40 on behalf of another organisation
- 16 did not specify

There is a list of organisations and groups that declared their participation in the consultation in section 7 of the consultation response annex. These organisations represent a broad range of private, community and commercial interests. Many highlighted that their response was on behalf of a number of customers.

We have also recorded 105 emails containing feedback on the consultation that were not provided through the formal consultation route. We considered the comments made in these emails alongside the formal responses. We are not able to break these down by respondent type or waterway. This is because they did not respond through the formal consultation and therefore we did not have all of this information.

In addition to these responses, we also received valuable feedback from our stakeholder representatives. This was gathered through the 2 live question and answer sessions we held during the consultation period. We also received some correspondence from MPs on behalf of their constituents highlighting their concerns.

This consultation has had the highest number of responses of any Environment Agency Navigation consultation in recent years. We thank everyone who took the time to respond formally or to give us their feedback.

The responses to all the questions from this consultation are shown in the consultation response annex.

4. Key findings from the consultation

The proposed framework brought together many elements of our charging approaches and we are pleased to see the majority of these are well supported.

There was strong opposition to the introduction of an area-based charge. Many consultees and stakeholders said that some customers would see significant increases in charges which is unfair and not justified. They said that customers could not afford this level of increase. Feedback, especially from stakeholder groups, also highlighted that these increases could lead to boaters leaving the waterways.

There was also opposition to our proposed charge increases over the 3 years of the scheme. There were concerns about the profile of the increases, particularly the size of the increase in year one and 0% in year 3. Feedback showed customers would prefer a flatter profile with smaller steps, more closely reflecting inflation.

There was also feedback on the level of service. Customers told us the current service is poor and does not meet their expectations. Many said they did not think charges should increase without an improvement in the level of service they receive. They also felt that there should be more focus on compliance and enforcement to ensure all boaters are contributing. The difference in charges between each waterway and the inconsistent level of service was also raised as a concern.

There was very good support for our proposals for new registration requirements for business boats.

There was valuable feedback and support for the topics raised in the forward look section, including online registration and a more flexible registration year.

5. Final outcome

We reviewed all the responses we received from this consultation before we decided on our final recommendation for navigation boat registration charges from January 2022.

In summary, there was good support for the majority of the charge framework proposals. There was significant opposition to the introduction of area-based charges and the level of and profile of the charge increases over the 3 years.

We have listened to the feedback and amended our proposals to reflect it.

The final outcome is that we will:

- implement many elements of the charge framework as proposed and consulted
- not implement the area-based charge on any of the waterways, we will keep the current charge mechanisms for powered and unpowered enclosed boats
- increase charges by 4% in 2022, 4% in 2023 and 2% in 2024

This revised approach provides a much improved and consistent charging framework and will help to secure the necessary funds to cover the increasing cost of operating our waterways over the next 3 years. The final proposals have the support of our Board, and we have received approval from the Secretary of State for Environment, Farming and Rural Affairs.

Section 6 outlines in more detail the key themes from the feedback we received and our responses to it.

6. Summary of the main themes and our response

6.1. Charge framework

The proposals looked to introduce a new consistent and transparent Navigation charges framework for the River Thames, Medway Navigation, and Anglian waterways.

Consultees told us they supported the majority of the elements of the framework proposals. The proposals supported included:

- charging for unpowered open boats
- concessionary charges for not-for-profit organisations and charities
- simplified charges for tenders and introducing charges on the Medway Navigation
- common charging for event registrations
- charges for workboats and tugs
- the approach for short period registrations
- the approach for refunds and part year registrations
- exemptions from charging for certain classification of boats
- arrangements for boating trade
- other charges

Our proposals to charges for business boats were supported overall. Additional comments received supported charges for businesses being higher than for private customers. There were concerns about us not recognising, in our charges, the benefit these businesses provide to the wider tourism and participation of the waterways.

Full details of the responses to the questions on the framework are given in the consultation response annex.

Our response

We will implement these parts of the framework in the new charging scheme from January 2022.

These changes will make the charging framework across all our waterways consistent. It will be clearer for customers and bring in administration efficiencies. It also addresses feedback we have received for many years from customers.

For business charges, we believe the proposed charging structure better reflects the cost of the additional service we provide those businesses. Our additional effort is related to the category of boat and not the size. We recognise the value that these businesses play in promoting tourism and participation on the waterways. However, under 'Managing Public Money guidance' we are not able to take these external factors into account when setting charges related to our service and regulation. We will continue to work with our businesses and stakeholder groups to address some of the concerns they raised through this consultation.

6.2. Area-based charge

Our proposal to introduce an area-based charge mechanism to set charges for powered boats, electrically powered boats, and unpowered enclosed boats on all 3 waterways.

Consultees told us that they did not support this approach as it introduced some significant increases to charges for individual boaters. The majority of respondents opposed this aspect of the framework, especially on the Anglian waterways where the impact for customers were most significant. Consultees also suggested these increases to individual's charges would drive boaters off the waterways.

Many consultees suggested that boat length was a more appropriate metric to use to set charges. Stakeholders also suggested that not all waterways were the same, and that the metrics needed to suit the waterway demographic of boat types.

The proposal for area-based charge included the removal of the 2 specific discounted rates on the Anglian waterways. These were for sailing boats with auxiliary engines and boats with small engines (up to 4 horsepower). Consultees told us they did not support the removal of these discounts as part of the move to the area-based charge.

Our response

We have considered the feedback and the level of concern for the proposals. We have decided that the right thing to do at this time is to retain the existing charging mechanisms for powered boats and unpowered enclosed boats currently used on each of the waterways. We will work with stakeholders on each navigation to continue developing our understanding of the waterways and develop further improvements to the charging mechanisms for the future. We will use the feedback from this consultation to inform those discussions.

For Anglian waterways this also means retaining the separate discounted charges for sailing boats with engines and powered boats with small engines.

This means that for powered boats and unpowered enclosed boats, increased charges will only arise from the final proposal for the 3 year charging plan (see section 5.3). This

change to the original proposal removes any significant increases for individual boaters that would have come from introducing the area-based charge.

6.3. Level of charge increase

The consultation proposed a 3 year charges plan with charge increases profiled as 6% in 2022, 4% in 2023, and 0% in 2024.

Consultees told us that they did not support the proposed level of increase. They told us the charges would be too high, particularly in year one, and this could drive customers off the waterways. They felt the charges are already high and many said the service they receive is poor and does not meet their expectation.

Responses also said that any further increases should lead to an improvement in service. They also told us that we should do more to make sure all boaters are paying to use the waterways through better compliance and enforcement.

Feedback suggested that customers would prefer to see a flatter profile of increases, without large step increases followed by 0% in year 3. They also said increases should more closely reflect inflation.

Consultees did not oppose charges being set for 3 years.

Our response

We have listened to the concerns of consultees, including key stakeholders, about the level and profile of the charge increases we proposed. We have changed the levels of increase to 4% in 2022, 4% in 2023 and 2% in 2024. This reduces the initial increase in year one and provides a flatter profile overall.

Our revised approach (as outlined in section 5.2) to retain the current charging mechanisms for powered boats and unpowered enclosed boats means we will apply the increases to the existing charges for those classes of boats. This removes the significant increases for some individual boaters that our initial proposals introduced.

It is necessary to increase our charges to cover the rising costs of maintaining the waterways. We have taken this into account in our revised proposals. The additional income will cover increased staff and contract costs related to the consumer price index. It will also cover an additional contribution from boaters towards the overall cost of the service they benefit from. Finally, there will be a contribution to capital financing costs to which boat registration has not previously contributed.

We acknowledge the concerns raised about the current level of service on our waterways. The Navigation Business Plan aims to improve the financial sustainability of our waterways and better align funding and levels of service. The charges consultation feedback will be useful for supporting this work. We will also pass this feedback onto our area waterways teams for consideration as they develop their local delivery plans as part of the Navigation Business Plan.

We understand the importance of effective compliance and enforcement to ensure all users are contributing fairly to the cost of maintaining the waterways. We are currently developing an enforcement strategy for Navigation. This will align with the Environment Agency's overarching strategy to reduce environmental offending. Our aim is to deliver our duties and use our powers more effectively and review any new opportunities, to protect the environment and our income.

6.4. Business boat registration requirements

This section of the consultation outlined proposals for introducing additional registration requirements for business boats operating on our waterways.

Consultees told us that they overwhelmingly supported the introduction of these requirements. They thought they were important for maintaining the safety of customers and staff on our waterways. They also told us the importance of applying them to all boats operating as a business. Also, that we should enforce these requirements appropriately, especially the requirements for hire and letting boats.

Our response

We will introduce the new business boat requirements (as proposed) from January 2022. We will communicate these changes directly with our business customers through our registration renewals. In particular, we will emphasise the importance of compliance with the Hire Boat Code, especially around the education of hirers. We will also aim to achieve proportionate, targeted and risk-based enforcement of our requirements for business boats.

6.5. Forward look

This section of the consultation asked for feedback on a number of topics that we are considering for the future.

Consultees told us they supported the topics raised. We received positive and valuable feedback.

Our response

We would like to thank the consultees for responding positively on these topics. We will use the feedback as we develop our thinking further. We will involve our stakeholders as we move forward with any of these proposals. Where we need to, we will consult before implementing any changes.

6.6. Other feedback

Consultees told us they did not think it was fair that charges are not equal across the different waterways for the same types of boats. Some also suggested that one charge should cover use of all our waterways.

Our response

The charges for the different waterways are based on the current charges and the costs of running that specific waterway. We are not able to use income from one area to fund another. The service on each waterway has to be funded by those who benefit from it. Therefore, income for the Thames cannot be used to fund the service on the Anglian waterways or the Medway.

We did not explore the option of one charge for all of our waterways as part of this review. We do have in place a Gold Licence for those customers who use both Canal & River Trust and Environment Agency waterways. The unpowered open boat registration also allows customers to use all of our waterways due to the more portable nature of those boats. We need to better understand how our customers use and move between our waterways to decide if this would be a potential approach. We can explore this further with stakeholders as part of the conversations about developing improved charge mechanisms for the future (as outlined in section 5.2).

7. Next steps

We will apply the changes to our legal charging scheme, which we will implement from January 2022 for the Thames and April 2022 for the Anglian Waterways and the Medway Navigation. The charging scheme will be in place until we review it. We will monitor the charges over the 3 years of the charge plan. We will consult on any future changes ahead of implementation.

We will work with stakeholders to develop proposals for improved charge mechanisms for powered boats and unpowered boats.

Through the Navigation Business Plan, we are developing local delivery plans for each waterway to help make them financially sustainable. We will take into account the feedback from this consultation for these plans. We will take any outcomes from those plans into account in when developing our future charges proposals.

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